


This is a printer friendly version of an article from www.southbendtribune.com
To print this article open the file menu and choose Print.

For a printer friendly version **without** the article's picture click here:  [Print Story without picture](#)

[Back](#)

Article published Jul 18, 2007

State recoups money clients paid All-Star Owner of defunct insurance agency could face charges.

JEFF PARROTT
Tribune Staff Writer

SOUTH BEND -- Twelve insurance companies have agreed to compensate 71 customers who were defrauded by the now-defunct All-Star Insurance agency, state insurance regulators announced Tuesday.

The companies, although they did nothing wrong, are paying a combined \$58,000 to people who thought they had bought auto insurance from All-Star owner Daneile Frydrych. Later, they realized that they had no coverage, according to state regulators, who allege she had been pocketing their premium money.

The state agency in February revoked Frydrych's insurance license and has ordered her to pay \$365,000 in fines and restitution.

"These hard-working, mainly blue-collar folks were taken advantage of in ways that are completely unacceptable," Indiana Insurance Commissioner Jim Atterholt said in a statement. "The department's actions are a significant step to lessening the financial damage suffered."

Joseph Fisher, general counsel for one of the companies, Addison, Texas-based Affirmative Insurance Co., said the insurer agreed to the payments because it felt bad for the victims. "We care about our customers and we hope they'll be future customers," Fisher said. "Even though we didn't have an obligation, we want to be a good corporate citizen."

George and Bobbie Graves, of North Liberty, had paid All-Star a year's worth of auto insurance premiums for their sons, Chris, 21, and Ryan, 18 -- money that never made it to the companies. Chris already has received a check from the insurance company he thought he had coverage with, while Ryan is still out about \$1,400 his parents paid for him, George Graves said.

Ryan was married Saturday and will soon be renting a house with his new wife, his father said.

"That will be nice," George Graves said of the coming payment. "We'd give the money to him. They could use the money." Things aren't turning out as well for another alleged All-Star victim, Raymond Mallard of South Bend. Mallard learned that his business, Heavenly Limousine, had no coverage when the state suspended his operating permit for lack of insurance.

As a result, the married father lost his sole source of income for about four months. What's more, he says he still is suffering.

His present insurance carrier, whose name he asked not be published because he fears retribution, is charging him a higher rate -- about \$8,000 a year instead of the \$5,000 to \$6,000 he should be paying -- because it considers him a higher risk for having let his insurance lapse.

Mallard said he has complied with the company's request for proof of the All-Star scandal, such as news clippings and state regulatory documents. The company acknowledged having received the information but has refused to make an exception for him, he said.

And the company should know about All-Star because it is the same company through which All-Star had told Mallard he initially had coverage, Mallard said. The company is not one of the 12 listed in Tuesday's announcement. Nick Mann, chief of investigations with the Indiana Department of Insurance, said that surprised him because the agency thought it had secured the compensation agreements from all of the companies involved in the case.

Mallard said he would love to recover the \$1,100 he paid All-Star, but he's more interested in seeing Frydrych charged with a crime -- something that has yet to occur.

"You're going to have to go to the prosecutor for that," Mann said.

St. Joseph County Prosecutor Michael Dvorak on Tuesday declined to be interviewed about the case, but released a written statement saying that his investigation of Frydrych is ongoing and he expects to make a decision "shortly."

In many criminal cases, Dvorak tries to file charges within a matter of days, often to protect others from the suspect. But in this case, because the state already has revoked her license, the public is no longer at risk, he said. "This investigation involves allegations of a diverse nature concerning a multitude of victims," Dvorak's statement states. "At the time of this press response, our office has requested even more information from the Department of Insurance."

Frydrych could not be reached for comment.
